THIS ISSUE

2	"The taxpayers are our stockholders"	Gerald P. Carmen on his tenure at GSA
8	Training, who needs it?	Setting priorities for OIG investigators
11	Management styles....	What's best for today's employees?
18	Avoiding a RIF	A successful effort at FDA
22	Taking action on the problem employee	A step-by-step description
24	Sen. George Pendleton and the Pendleton Act	Beginning of the merit system

EVERY ISSUE

26	In Brief	Notes from the General Counsel
28	Managers' Reading Digest	Personnel and general management reading
30	Short Takes	Notes of interest to managers
32	After/Words	Letters

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MANAGEMENT

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"We consider the taxpayers to be our shareholders."

An interview with Gerald Carmen, Administrator of GSA

Since his appointment in May 1981, as Administrator of the General Services Administration, Gerald P. Carmen has achieved a reputation for tough, cost effective management, for engaging the talents of career civil servants, and for turning things around in the scandal-ridden agency.

Carmen, who says toughness is a reputation one gets for "just showing up for work," was interviewed in his office, where a sign that admonishes "Don't buy any furniture today" is taped to his bookcase.

"I'm convinced that government doesn't run very well at all, everywhere."

MANAGING

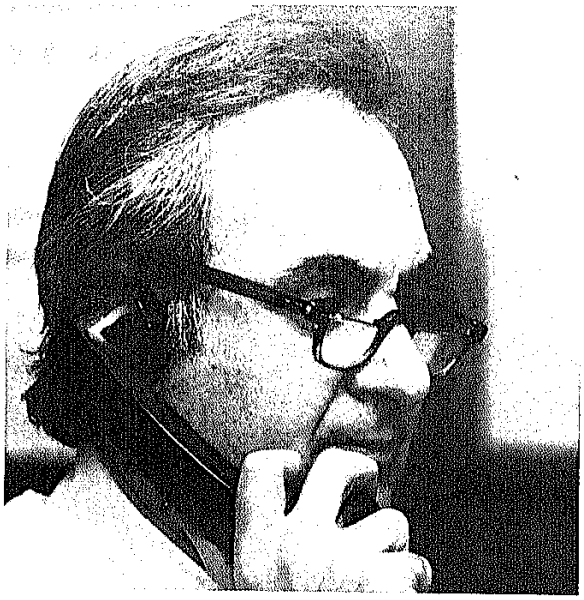
truth is, I never thought of elf as a manager in the private or. And I really never thought yself as a manager when I got . That's sort of a bureaucratic n for a person who is in a posito do something or manage ething. I think what I've als been is some sort of a leader. convinced that the governnt has a great quantity of good nagers and people who are cale of managing; probably what acking is a sufficient quantity eaders, who take you from one nt to another point and motie and keep people involved in ching a goal. So while the scope the job has changed dramatical- along with the awesome respon- ilities I looked at when I first t here, the call of leadership is t substantially different.

I think, if I can be a little bit rtisan, probably the thing that is administration has over other ministrations is that certain ıality of leadership, from the esident down. As you look ross the agencies and various partments, I think you will find that's one thing that we've reached out for. Our people probably have whatever that intangible is—leadership quality, as distinguished from management quality.

ON PUBLIC VS. PRIVATE SECTOR MANAGEMENT

The difference in approach from the private sector to the public sector, at least in the world I came out of, is cost consciousness, dollar consciousness. You had an amount of money to do a certain thing and that was a very severe limitation. If you didn't have it, you couldn't do it. The government, of course, has the reverse role: The feeling down here is that if the project is worth doing in somebody's mind, there is always enough money for it; so don't put money limitations on what you are trying to do. We try to reverse that whole concept at GSA. Yes, you need appropriation, and yes, you need authorization and yes, you need money; but once you have that, the objective should not be just spend. The objective should be to accomplish your goal and to come up with the least possible costs in the quickest time. Those goals are not driven by the amount of money you have, they are mission oriented. That is the major difference.

There is a budget process, the gross dollars are looked at, the appropriation and authorization are looked at, but in the mental framework of the people that I deal with it's not really a very important thing, the other things are more important. I think at GSA today we are very dollar conscious, time conscious, waste conscious, trying to eliminate as much fraud as we can. We consider the taxpayers to be our shareholders. We are trying to develop a report that we hope will look something like a financial statement would look in a major American corporation. That report to a shareholder shows two things; first it show[illegible] own a piece [illegible] well you ar[illegible] it's an i[illegible] people who [illegible] holders, and so it's a statement on how they perform. We're trying to do our annual report the same way, with the idea that the taxpayers are shareholders and therefore we have a responsibility to report to them how their money is being spent as well as how we reached the objectives that we had.



"It took 200 years to get here, and no one should expect that in one or two years we'd cure all the problems."

ON SUCCESS AT TURNING GSA AROUND

Success is relative against previous performance and perhaps whatever has been accomplished at GSA seems all the brighter because of the dim past. I'm convinced government doesn't run very well at all, everywhere. The public image of GSA was more symptomatic of the entire government than it was with any one agency. Historically, whether you have the GSA of 40 years ago, another agency currently, or some different agency in the future, it really is a sign of this sickness that we have. All it really means is that government is too large. Government was created to do certain essential things and those items can be managed properly. When it expands beyond what it ought to do, there is no way to measure those extensions, and it is in those expanded areas that you have the opportunity of waste, fraud, abuse—because people really don't have measurable tasks and, some of us would say, don't even have useful tasks.

GSA has responded partly in eliminating waste, fraud and abuse by cutting back; from having 37,000 people three or four years ago to 30,000 today. I hope those 30,000 are running that much harder, working that much harder, and there are fewer people involved in things they ought not to be involved in. The reductions in budget and space that we've accomplished, all these things together, really mean we are running a tighter ship with fewer of the kinds of things that went on before. This doesn't mean that tomorrow you couldn't be faced with a scandal that perhaps was of the magnitude of the things that went on before; what it does mean is that if it happened tomorrow, it would be taken care of at once. We have genuinely, I hope, created an atmosphere that this is not a good place to hang around if you want to do things that you ought not to do. Basically, the leaner you get, the more efficient you get. When you put on people that you don't need, and you have more space and money than you need, when a fatness or looseness grows in your company, the opportunities for all those things occur. We're just leaner and tougher now.

ON MAINTAINING MORALE DURING CUTBACKS

I would hope that we do not have a reputation for cutback management. I would hope that if we had come here and found that we needed more people in order to do the job that we were supposed to do we would have said so. A cutback manager is not quite what we are.

We were faced with a morale problem when we arrived here that was enormous. One of our senior people came to me and said that he didn't go to church on Sundays with his children because he didn't want to expose his family or himself to the gossip and jokes and sly remarks that were made about everybody at GSA being corrupt or crooked. When I heard those kinds of things, I knew that we had the worst possible morale situation, and I knew that the best morale situation you could create was one where people were proud of the job they did and felt they belonged to an agency they could take pride in. GSA was not that kind of place when I got here; it is that way today. There were fears when we first got here that there were going to be tremendous RIFs and cutbacks and everybody was going to lose their job. That was really caused by fear of the unknown. I was an unknown quantity, the administration was unknown. Those who were here had probably listened to stories they should not have listened to. But in

the time that we've been here, we've reduced by approximately 7,000 full and part time people and we've done it by having about only 150 people leave here involuntarily. Out of a 37,000 population, that's a pretty good record for anybody, either in the private or public sectors, and I think it showed our people that they had nothing to fear. We watched the attrition rate, and we watched things that meant something to people. People quickly learned that we were interested in them, that we weren't some heartless band arriving on the scene to destroy jobs and people. We didn't approach it that way at all. I think we were quite considerate, the same as we would be in our own home towns, and we've been very successful. I think if you walked around the building today, you'd find morale was a thousand times better than it was two years ago. Improvements have taken place, people have given it their best and it has served their own interest.

When I first arrived here, I formed a group of people which they called "up and comers." They were middle level government people I wanted to become acquainted with and to work with. I wanted to hear what they had to say. (We have a lot more unstructured communication in the agency than we used to have. It sometimes bothers the in place structure, because I'm not one to go to my next lower person all the time. I may circulate in the building, I may talk to people I want to talk to—which, as we say, means they've got to be debriefed by the 35 people above them. But we do it anyway.)

Anyway, I formed this group early on and it probably had 50 or 60 people. At that time their major concern was the RIFs that were going to take place and they said to me, "Well, I won't see you again, Mr. Carmen; I'll be gone by the time we have our next meeting." And frankly they believed it and I believed it. We were trying to contain it and control it by putting tight budgetary restraints on operational expenditures so that people wouldn't get hurt. I was very much concerned that we might lose the younger people, the people who in the future would be the ones we would need. Anyway, we went through this (RIF) process and we reduced ourselves to around 30,000 people. After we were all through with the reductions in force, I met with these people, and they were all still there, with one or two exeeptions, who had left for other reasons. I asked them how come they were all there, and I was there; we'd come down 7,000 people and we were all still together working for GSA. The bottom line on that discussion was that this agency like most agencies, with I think one exception, had never really gone through a RIF. They initially didn't know what to expeet, I didn't know what to expect, our management in its communications with people didn't deliver the message the way it should have been delivered, so that the fear from the fact that the agency was going down in size was enormous, but in fact was not necessary. We should have been able to assure these people in a better way than we were able at the start, but we had no experience. What we found out is that this particular agency has an attrition rate of about 12 percent a year, and at that rate of attrition, it accomplishes the goals that this administration has for GSA without anyone losing a job.

There's some dislocation and some reassignment, but nothing major, so that having lived through that first year or so, I think we all have an understanding that it's better than what we had when we got here.

"I don't think the Hoover Report or the Acts that created GSA really intended for us to be the painter and the cleaner and the plumber of the United States Government."

ON HIS PERCEPTION OF THE CAREER SERVICE

Coming from the outside world, from the political trail especially, and the position within the political spectrum I come from, I didn't have a lot of good things to say about the bureaucracy. What I found when I got here were people who were super people to begin with, very nice people. Second, I found very well-trained people, bright, well-educated people, who were knowledgeable at their work. I have come to the conclusion, and this is coming from a political person now, that we have substituted blaming the work force for blaming leadership, and what this country probably has had over the last number of years is pretty poor government leadership. That makes it doubly important that those of us who come to this Administration make sure that we do the kind of things we ought to do and provide the kind of leadership we ought to provide.

I've found that where I have done that, the bureaucracy has responded. There are problems, inherent problems, within the bureaucracy, as there are in other large organizations, that result from being large and being old. It took us 200 years to get here, and no one should expect that in one or two years we'd cure all the problems. The cure is going to take a lot longer than just the eight years that President Reagan is going to be in office. Institutional changes that have become imbedded need to be dealt with. We have to find a way—and that would be, I suppose, subject matter your agency would be dealing with more than ours, but I think it's fair to say—without challenging the people who work for the federal government, without challenging their right for protection and promotion, good jobs and stable jobs, we do need a way to make sure that they don't go the way of the railroad, steel and auto industries, or the other groups which have raised the rewards without raising productivity levels. As long as we don't deal with the productivity concept, people are never going to be satisfied with this government. There is no question in my mind in many of the areas that GSA deals with that we're nonproductive, we're not cost-effective. I've found the employees that I've dealt with are not in favor of that. We've used bonuses and used awards to try to tell people that if they work hard, do a good job, they are rewarded. All I really ask them to do is to confine themselves to boundaries of the budget, to understand that we have a fixed amount of money. If we do it with less people, work harder and smarter, then we have money left over for promotions and awards and bonuses, but if we're not more productive then we don't have all those good things. I think they've responded pretty well.

ON GOVERNMENT PERSONNEL COSTS

Personnel matters are Don Devine's area. But the cost of people is our number one issue. How you pay people, how you manage them, benefits and associated items, are prescribed by law and by regulations, so it's taken out of the managers' hands. Somehow or other we've got to win the confidence of the work force in such a way that they are sure of their benefits and yet we are still able to manage the work force. If we can't manage that work force any better than we do today, then we'll always be in trouble.

EXTENDING MERIT PAY THROUGH GS-6

I think that the efforts to extend merit pay, to more effectively do the evaluations and have them contain different items which perhaps deal more with management than they have in the past, are all good efforts. I'd like to see a better system than we have today. I don't know of any better system and that's a problem, of course, that OPM has to deal with.

I would tell you this, in GSA i the evaluation process and even t some extent in the merit pay proc ess we haven't yet got it to work the way it was intended to work. I don't know if anything in government ever works as it was intended to work. Government is such a compromise and such a negotiated process that even the best of ideas, when they've finally been through that tunnel, come out as something different. That's one of my frustrations.

ON THE SES BONUSES AS A "BUDDY SYSTEM"

The fact that tomorrow you may be evaluating the man who's evaluating you today, the way government moves around, and the fact that you start off in a career in which you spend 20 or 25 years dealing with each other, really defeats the evaluation process. There are unwritten rules, customs may be a better way to put it, of how you deal with each other, which have nothing to do really with performance. How you get around that and set up a better system, I don't know. I just know that everybody is "highly satisfactory" in government.

ON CONTRACTING OUT UNDER OMB CIRCULAR A-76

The A-76 process which says if you can do a job cheaper on the outside, do it, has within it items which decidedly give the edge to doing it in government—the 10 percent leverage area, the other steps that we take—so the regulation is intended to have items stay in-house unless it is obvious they should be done outside the government work force after a very thorough screening. I feel very strongly that's the right way to go. If it can be done cheaper outside that's where it ought to be done. Having said that, there are advantages to doing things within with your own work force. That sort of puts the problem where it

GIVE IT YOUR BEST!

"I have come to the conclusion . . . that we have substituted blaming the work force for blaming leadership. . . .

belongs for managers. With Congressional involvement, there is the question of whether the government is in fact a business or something other than a business. That's a question that's not often asked but that's another attitude that changes as you come to work in government. You feel that government should run like a business, but there is no doubt in my mind that it is not a business and you have to take into consideration that part of it that is not so: you are dealing in a public area that requires that you be responsive to it. That gets into how you treat the A-76 process.

ON THE FUTURE OF GSA

I promised myself when I took this job, I was coming here only because I felt committed to what we were trying to do, that I was going to be very careful not to be an advocate of the agency. I wanted to be an advocate of the President's program. I'm convinced there always has to be a GSA that does the kind of work we do. That will change as the years go by and should have changed in some of the years that have already gone by. We should be much more into controlling and defining how our property should be cared for as opposed to doing some of the things we do. I don't think the Hoover Report or the acts that created GSA really ever intended for us to be the painter and the cleaner and the plumber of the United States government. I think it really intended for us to watch how the assets of this government were maintained and used and to suggest ways that they might be done better. I'm very anxious to lead this agency in that direction. Heading in that direction would probably mean a different type of agency in the future. ■

TRAINING: WHO NEEDS IT?

How OIG Investigators are finding out.

By Mark E. Thompson

Training, like thrift or a balanced diet, is generally conceded to be a good thing; but the question of what training is needed by whom is a perplexing problem for managers. Although needs become obvious when a major problem or unusual circumstance exists, long term goals can—and should—be established by a systematic identification of professional training standards for the occupations involved. The process described below was used for two specific occupations. The procedure could be used in any occupation where training priorities need to be established.

Early in 1981, the President's Council on Integrity and Efficiency in Government sought to upgrade the professional competence of all federal criminal investigators (20,000 governmentwide) and auditors (22,000 governmentwide) in the Offices of Inspectors General by improving the training they receive. Charles L. Dempsey, Inspector General at the Department of Housing and Urban Development, was selected as the chairman of this training project. William E. Mulroy, Director, Internal Security Division, Internal Revenue Service, was designated as chairman in charge of a subcommittee for investigators training.

The subcommittee began the study by compiling a list, based on reports of training needs, that included these separate possible categories:

1. Interviewing (sources, witnesses, suspects)
2. Legal Training
3. Rules of Evidence
4. Civil and administrative remedies
5. Disclosure and privacy acts
6. Elements of a crime
7. Constitutional Rights
8. Affidavits and statements
9. Report writing
10. Grammar, format
11. Grammar, clarity and impact
12. Organization and correlation of data
13. Completeness and accuracy
14. Special Studies
15. Grants
16. Loans
17. Procurement
18. Contracts
19. Bribery
20. Embezzlement
21. Agency vulnerability
22. Agency operations
23. Entitlement programs
24. Employee frauds
25. Financial investigative techniques
26. Information analysis
27. Electronic data processing
28. Basic EDP
29. Investigative application of EDP
30. Computer fraud
31. Accounting
32. Governmental accounting
33. Basic accounting principles
34. Investigative application of accounting
35. Authorities of Inspector General
36. Authorities of Government Investigators
37. Case management

After the list was compiled, a decision was made to survey criminal investigators who work in federal government Offices of Inspectors General and ask them to rate each training topic as either "essential," "important," or just "good to know."

A comprehensive survey is not usually undertaken when attempting to determine training needs. Managers often rely on a small number of experienced professionals to make training decisions. When this happens, there is a strong tendency to reflect the desires of top management or convey only the perceptions of task force members, rather than to identify broad universal consensus.

The advantage of doing a comprehensive needs analysis is that the process identifies the difference in needs perceived by various professional levels and differences between major departments within the federal government. Differences between departments are *most significant* since criminal investigators work in 26 departments or major agencies that have quite different functions. This fact requires that investigators be well trained in their immediate and specific responsibilities. In some departments, for example, this means extensive knowledge of contract fraud schemes; in others, agents must understand and deal with embezzlement, or undercover operations, or surveillance techniques.

An analysis was made for each department, organized by entry level, journeyman level, and management level responses. A similar cumulative analysis was made including all 1,526 respondents.

The following figures show the training priorities of the 748 criminal investigators at management levels of GS-13 and above. These responses did not differ much from the cumulative journeyman and entry level responses. Each item was given an arithmetical average based on a scoring weight of: essential = 1, important = 2 and good to know = 3. If everyone marked an item as essential, it will have an average of 1.

Training Topic	Average
1. Interviewing (sources, witnesses, suspects)	1.17
2. Elements of a crime	1.23
3. Report writing—completeness and accuracy	1.29
4. Constitutional rights	1.32
5. Affidavits and statements	1.34
6. Rules and evidence	1.34
7. Report writing (general)	1.41
8. Bribery	1.57
9. Financial investigative techniques	1.57
10. Employee frauds	1.58
11. Report writing—clarity and impact	1.59
12. Writing—organization and correlation of data	1.59
13. Embezzlement	1.60
14. Authorities of government investigators	1.61
15. Agency vulnerability areas	1.66
16. Legal training	1.73
17. Case management	1.74
18. Investigative applications of accounting	1.77
19. Authorities of Inspector General	1.81
20. Agency operations	1.83
21. Disclosure and privacy acts	1.87
22. Report writing—grammar and format	1.88
23. Contracts	1.88
24. Procurement	1.97
25. EDP and computer fraud	1.97
26. Investigative applications of EDP	2.02
27. Information analysis	2.03
28. Basic accounting principles	2.16
29. Civil and administrative remedies	2.18
30. Accounting (general)	2.19
31. Entitlement programs	2.27
32. Electronic data processing (general)	2.28
33. Basic EDP	2.29
34. Governmental accounting	2.30
35. Grants	2.48
36. Loans	2.48
37. Special studies	2.50

The statutes that apply to each department are extremely important and extremely varied. Without a knowledge of the statutes that govern a particular program, it is difficult to determine whether a statute has been violated.

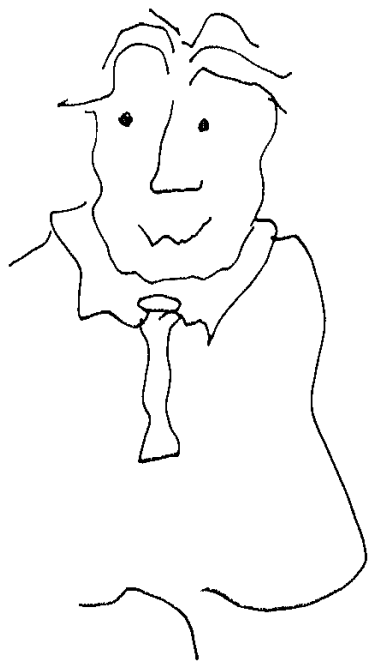
From the survey of criminal investigators, 1,526 usable responses were obtained. This is thought to represent nearly 70 percent of the criminal investigators in federal government Offices of Inspectors General. All survey responses were anonymous, identified only by agency, position and grade.

There are several interesting conclusions that can be drawn from these data. With the exception of employee fraud and bribery, all of the top ten training priorities are somewhat fundamental to investigative work. That bribery ranked eighth and employee fraud ranked tenth seems to indicate that these specific criminal areas are the most active as compared to grants (ranked 35) and loans (ranked 36). But it is also possible that within a specific agency, such as the Department of Edueation, loans and grants are closer to the top ten, depending on the agency mission. (Data on each separate department have been made available *only* to that department, so comparisons cannot be made.)

There appear to be numerous significant training topics (ranked 11 through 24) that are considered important and should be addressed after the basics (interviewing, elements of a crime, report writing, et al) have been satisfied. Most of the ranked 25 through 37 topics are related to electronic data processing (EDP) and traditional audit work (governmental accounting, accounting, basic accounting principles). Perhaps low rankings for topics relating to audit work can be explained by the fact that auditors are usually available to help investigators accomplish this work. Also it may be considered to be boring, tedious or nonessential work by most investigators, who are not experienced or trained in these areas.

The relatively low rankings assigned to electronic data processing topics may indicate a major lag or deficiency in the perception of the criminal investigator community. EDP is a major source of information processing and data collection within most large governmental systems. An investigator *must* be aware of this electronic information systems network, and must understand the vulnerability of these systems. This is an area that will probably put more training demands on investigators in the future. And as investigators become more aware of EDP problems and its potential for investigative use, they are likely to rate this area higher as a perceived training need.

Beyond surveying all criminal investigators, the President's Council subcommittee has developed and presented a course on procurement and contracts, which was presented at the FBI Academy in spring, 1982. They have also organized a Training and Development Sources Guide which includes a listing of all inservice and formal training for investigators within the federal government. This document will probably be the definitive resource guide for investigations training for many years. Additional courses, including an EDP course, are being developed. In addition, a subcommittee survey that concentrated on the differences and similarities among agency procedures and missions will help plan future testing.



A most significant organizational approach by the subcommittee has been to systematically determine training needs and match those needs to existing Federal Law Enforcement Training Center and inservice federal agency training. This comprehensive approach has established a data base for identifying professional training standards, and it will help to save training money by validating legitimate training needs. A reduction in training waste is possible.

Refinements can now be made in agency training programs for criminal investigators based on hard data indicating what specific topics are considered to be most essential. This contribution to management will help conserve resources and enhance productivity. In this case, better trained criminal investigators should be better able to cope with the intricacies of fraud, waste, and abuse in government. And that means saving taxpayers' dollars.

Mark E. Thompson is Chief, Employee Development Branch, Office of the Inspector General, Department of Agriculture.

Management STYLES

By Efstathia A. Siegel

Almost as much has been written about management styles as has been published about surefire diets. There are nearly as many styles as there are managers. There are dictators and administrators, firefighters and opportunists, decision-makers and deliberators. There are initiators and managers who only can react to problems, high risk-takers and cautious types. There are supermen and superwomen who try to do everything themselves and buddhas who never show their faces where the work is being done.

Regardless of the specific type, a manager's style strongly affects how well employees do their jobs. At higher levels, an executive's approach can influence the way his or her supervisors manage their own subordinates and ultimately affect the quality of the product or service rendered.

According to traditional thinking (*Harvard Business Review*, July–August 1982), American companies' success in the past has been based on innovation in products and advances in management techniques. For decades, other countries, notably Japan, turned to American management for guidance and instruction in the state of the art. Judging from their track record of the past 30 years, the Japanese learned well. They have developed management methods that suit both their country's cultural heritage and industrial needs. The results speak for themselves.

By contrast, during the 1970's and 80's, America's dominance in both product quality and management innovativeness has been strongly challenged. Declining rates of productivity and erratic economic conditions have forced organizations to re-evaluate their in-house management techniques.

RESULTS ARE WHAT COUNT

Traditionally, American organizations have focused on the "bottom line": Success has been and still is measured by profits, savings and cost reductions. In this context, it's great to have satisfied employees, but unless they produce, all the managerial talent in the world won't save your hide on your job.

Most U.S. corporations have been organized according to a "Type A" structure, with a corporate monarch making all the decisions. These authoritarian managers operate out of the empire building tradition which, in the spirit of individuality and personal ingenuity, is at its very core American: Pioneering executives found a business, build it into an empire, and do not want to relinquish calling the shots when the business goes public. They want primary responsibility and credit. In government, these managers may be former military or self motivators who subscribe to the "pull yourself up by your bootstraps" philosophy and strict adherence to hierarchical order. Since *48 percent* of federal workers are veterans, it seems that the government is a likely site for authoritarian leadership.

WHAT IT TAKES

In April 1980, *Fortune* magazine published a list of managerial characteristics based on interviews with "scores" of people who work for the ten toughest bosses in American business. The top managers exhibited many common qualities. Notably, they all inspired awe, respect, and, frequently, fear. Importantly, their companies' financial success, at least in part, was attributed to them.

Although their personal styles differed substantially, all ten possessed a single-minded devotion to work, a quality most expected from their subordinates. Other common characteristics:

- An unyielding demand for constantly improving performance. Andrall Pearson, of PepsiCo., Inc. was cited as the master of "going for the gold". He emphasizes, argues for, and expects high standards of performance.

- No hesitancy about grilling subordinates on facts and then berating them, in front of others, if necessary, if they come up short. Donald Rumsfeld of G.D. Searle and a veteran of 15 years of government service, was quoted: "You not only let someone who has not been obeying you go, you do it publicly so everyone knows that breaking the rules brings immediate punishment."

- A belief in compensating subordinates amply. Top managers receive generous salaries and attractive perks.

For decades American business has been dominated by the one-man rule management approach. There's no denying that authoritarian rule has its advantages: It's the easiest and most direct way to get things done; it ensures instant implementation, and it allows an organization's energies to be directed toward a specific goal without any second-guessing.

However, even companies with effective, tough, Chief ers cannot afford ble proprietary today's labor al revolution of tionships. "Baby Boom" employees have been accustomed to mobility and freedom from domination. They generally are not willing to make a life-long commitment to one boss or one organization. More self-reliant and less dependent on job security, they want to be included in decision-making, not to be dictated to.

The question of where authority resides can create problems at all levels of an organization. A recent study by Opinion Research Corporation, Princeton, New Jersey, reported growing dissatisfaction among middle managers which "poses a serious threat to reviving sagging productivity and boosting bottom-line performance in the 1980's." Among the findings of the 25 year survey of 250,000 workers: 69 percent of middle managers complain their authority is eroding. Apparently what is needed for an authoritarian approach to succeed in the 1980's is a leader and not a dictator, a strong manager who welcomes strength on the part of subordinate executives and is willing to give them the authority to act.

THEORY Z AND SIBLINGS

Although the Type A approach can work (and for some corporations work very well), it's clear that many organizations are seeking to solve productivity problems by attempting various innovative management techniques. Foremost among these styles is the Japanese "Theory Z", intended to foster greater worker involvement in the organization.

The Theory Z approach calls for a broader base of decision-making authority, involving supervisors and employees. According to William G. Ouchi of the University of California (*Theory Z, How American Business Can Meet the Japanese Challenge, 1981*) this form of decision-making works because all workers share the same goals and are committed to the same corporate philosophy.

Other major points of the Theory Z approach are:

- Non-specialized career paths that zigzag across the full spectrum of corporate operations;

- Consensual decision-making, which can improve cooperation among employees;

- An emphasis on individual responsibility and informal, implicit controls.

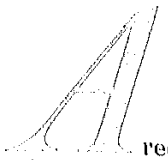
Spurred by Japan's example and the need for managerial changes, interest in the participatory management relationship has emerged in full force in America. At its best, participatory management forges new relationships among workers, managers and owners.

Social scientist Dr. Renis Likert has defined four systems of organization and management style: exploitive authoritative, benevolent authoritative, consultative and participative. Dr. Likert's studies showed that managers who used a participative style tend to get increased productivity and improved worker attitudes.

Participative management can take many forms: quality-of-work-life programs, quality circles, pro-

ducer cooperatives, employee stock ownership plans. The basic element remains the same: restructuring the decision-making or ownership relationship to allow employees to assume more responsibility for solving work place problems.

Participatory leaders know how to tap middle management's resources. According to Dr. Likert, organizations where effective participatory management occurs foster collaboration and teamwork, sharing of information and encouragement to "do what needs to be done." Most important, middle managers work under executives who encourage innovation and who in turn encourage it in their subordinates.



recent study of 165 middle managers rated "effective" by their companies showed that they shared these characteristics:

- *Comfort with change.* They are confident that uncertainties will be clarified. They also have foresight, see unmet needs as opportunities and are willing to take risks.
- *Clarity of direction.* They select projects carefully and, able to think in the longterm, view setbacks as temporary blips in an otherwise straight path to a goal.
- *Thoroughness.* They prepare well for meetings and are professional in making their presentations. They have insight into organizational politics and a sense of whose support can help them at various times.
- *Participative management style.* They encourage subordinates to put in maximum effort and to be part of the team, promise them a share of the rewards, and deliver on their promises. This also entails frequent staff meetings and considerable sharing of information.
- *Persuasiveness, persistence and discretion.* They understand that they cannot achieve their ends overnight, so they persevere—using tact–until they do.

The U.S. Chamber of Commerce found that 84 percent of the work force wants greater participation in decision-making. Peter Hart Associates, an opinion research concern, reported that 66 percent would prefer to work in an employee-owned firm.

n support of this data, *Working Together* co-authors John Simmons and William J. Mares found:

- At Lowe's Companies, a retail lumber and hardware firm in the South, in which 6,000 employees own most of the stock, sales per employee are three times the average at Sears & Roebuck, K-Mart and Penney's.
- Donnelly Mirrors, an auto parts maker in Michigan, has tripled its average return on equity over the past 20 years. Its employees elect representatives to the committee that makes corporate decisions.
- The National Steel Corporation, spurred by a $800,000 saving from one participation group at its Portage, Ind., division, launched a corporation-wide participation program.

Government also has shared in successful participatory management ventures: employee suggestions at quality circles at the Norfolk (Virginia) Naval Shipyard (*Management*, Summer 1980) resulted in $200,000 in savings on one project alone; $114,000 was saved by the city of Dallas in six months from ideas proposed by quality circles.

NO MIRACLE CURES

According to Kenneth A. Gold, who has studied and reported on management structures in public and private organizations, no universal technique will cure an ailing organization. What works for Japan often will not work in U.S. companies, he maintains. In a recent study of ten highly successful public and private organizations, Gold found that some popular techniques like the quality control circle concept have received mixed reviews. When basically unhealthy organizations have looked to the piecemeal adoption of certain management techniques as a cure for too many of their ills, they have not been successful. In many instances, attention has been diverted from the fundam tal management practices that have enabled some organizat to remain healthy and succe throughout vacillations in A can productivity and in th economy.

n his study, Gold f ten "sound" or "healt tions, three public (T est Service, the U.S fice and the U.S. Cu Service) and seven p

several common characteristics that set them apart from less successful ones. The study was designed to discover and isolate the common denominators that made each of the organizations "a good place to work" and the producer of a "well respected" product or service.

A major organizational difference between the public and private sectors is that public agencies did not appear to possess the kind of clear and consistent mission that managers in the successful private sector organizations were able to articulate. In spite of this difference, two essential factors emerged that were common to both: First, organizational objectives were extremely well articulated and clearly communicated to all levels. Second, employees believed that their organization was "special" in some way, and were generally proud to be a part of it.

In addition, according to the Gold study, the success of the entire organization was linked to certain key attributes:

• The organization's objectives are well-established, clearly understood and widely supported. The U.S. Forest Service is an agency whose overriding mission, forest lands management, is clearly understood and a source of commitment for its employees. The Hewlett-Packard Corporation issues to each employee its Magna Carta, the "Statement of Corporate Objectives," originally published in 1957 and taken to heart by everyone in the organization.

• Management is strongly "people oriented" and individuals are treated fairly, honestly and with respect.

The Dana Corporation's operating philosophy is "to recognize people as our most important asset." Hewlett-Packard has never laid off a single employee. The company makes a lifetime commitment to employees and expects the same. At both the Forest Service and at the U.S. Customs Service there exists a high esprit de corps, derived largely from the fact that top leadership has traditionally come from within the ranks.

• The preferred motivational approach is to delegate to each employee meaningful responsibility along with the authority to meet that responsibility.

At Time, Inc. there is a strong commitment on management's part to delegate authority and responsibility to the worker actually performing the job. Time's employees, like those at Dana Corporation, perform in a highly decentralized structure.

• Performance goals for individuals are clearly explained, understood, and agreed upon, and successful performance is recognized.
At Hewlett-Packard the entire company shares responsibility for setting objectives, making policies and meeting goals and objectives. Managers in the organizations studied by Gold adhered to some basic principles and beliefs that greatly contributed to employees' performance and the organization's overall success.

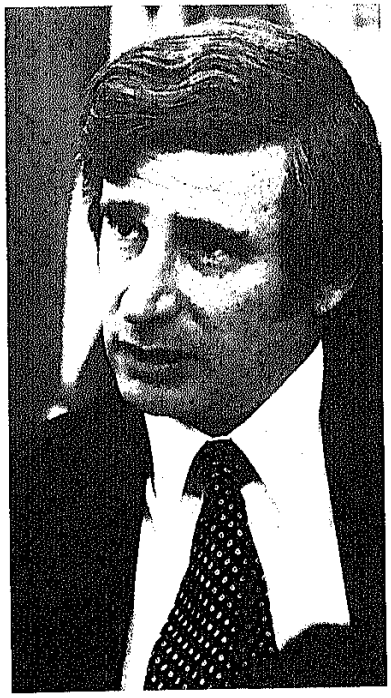
The check list below is based on characteristics that managers in the Gold study's successful organizations had in common. You might like to rate yourself or your supervisor against these standards. (Or, if you're a believer in the participatory approach, ask your subordinates to rate you.)

Frequently			Fairly Often	Rarely or Never
1. Delegates authority and responsibility to the lowest possible level.				
2. Has confidence in subordinates and a willingness to stand back and let them make mistakes.				
3. Encourages people to ask questions.				
4. Establishes overall goals and helps people understand what is expected of them.				
5. Communicates and listens well.				
6. Trusts his or her people.				
7. Treats people with respect and dignity.				
8. Offers people new challenges and experiences whenever possible.				
9. Is committed to training and developing workers.				
10. Promotes from within whenever possible.				
11. Raises poor performance issues immediately.				
12. Keeps operating procedures informal and open, without artificial and unnecessary workloads and standards. ■				

Efstathia A. Siegel is a writer-editor in the Office of Public Affairs, O.P.M.

"Problem is System, not People"

The following interview with OPM Director Donald J. Devine by federal columnist Tom Diaz is reprinted from The Washington Times, *March 28, 1983.*



Q: As the government's chief personnel officer for the last two years, what do you think about the image of civil servants as underworked and overpaid?
A: I don't believe that image. Most of our employees are good, hard workers. They are well-educated and they try to do well. The problem we have is with the system, not the people. The people need better incentives than they have now.

Q: What "system" are you talking about specifically?
A: The whole system of how you get somebody to work. You have the same problem in both the public and the private sector.

Frank Carlucci, who recently retired as deputy secretary of defense, said government has a mission and you have to give people incentives to perform that mission. I think that's a nice, simple way to put it.

The problem is that we don't have enough incentives to get people to perform and too many "disincentives" to keep them from performing.

Q: Translating that into specifics, what changes in the civil service system are necessary?
A: We are looking at the system with the same philosophy that the previous administration had in its Civil Service Reform Act. That act had the support of both parties and this administration supports it just as the last one did. It unites two parties, two administrations, and two heads of this office in making performance the central part of the civil service system. What we want to do is take the principles expressed in the act and take them further.

For example, one of the major things the Civil Service Reform Act did was institute a pay-for-performance system for our middle level managers and a bonus system for our senior executives. Both of these link the employee's performance directly to tangible consequences, in terms of pay for bonuses. We want to expand that idea of pay-for-performance to the rest of the white collar workforce.

We have a performance appraisal system for the first time that allows us to evaluate people on the

basis of how well they perform. The problem is that there aren't enough consequences that follow from that appraisal for most of the workforce.

Q: The administration also would like to see some changes in the civil service retirement system, would it not?

A: Those changes come under the same category, because the present system provides the wrong kind of incentives. Because of the generous nature of our retirement benefits, and the fact that people can retire at age 55, we force people out of government before they should stop working, in terms of the investment we have made in their training, their evolution as valued members of the workforce, and their own benefit.

I've had many of our executives right here in OPM show me the facts of what they would get from retiring, and I can't talk them out of retiring. They'd be crazy not to.

Q: This is a problem peculiar to executives?

A: It's very important for executives, it's more of a problem in the case of executives, but the principle applies to the whole work force. We think that we need incentives for people to work longer. Our retirement proposals do not eliminate retirement at age 55. We're simply asking that people who do retire at that age pay back the cost of that decision to the government. We're going to phase this in over 10 years, and we think it's a very moderate proposal.

In fact, I was on a television show not too long ago during which I was called a "wimp" because our proposals are so moderate and phased in over so long a period of time.

Maybe our proposals weren't strong enough in a "budget only" mentality, but we have to worry about the employees also. The important thing is to get this retirement system under control over the long run.

Q: One criticism that has been made of your proposals is that the savings they make is inconsequential. Can you give us some idea of the magnitude of the numbers we are talking about in that sense?

A: There is some truth to that criticism, because we are phasing this in and it is a moderate solution compared to the magnitude of the problem.

We start off with the fact that the civil service retirement system has an unfunded liability of about half a trillion dollars. The national debt is about a trillion dollars. If we add this unfunded liability—which is debt—to the national debt, it increases the national debt by half again. It's a big problem.

Our civil service retirement proposals amount to about a $20 billion savings between now and 1988. Now, I suppose in one sense $20 billion is pretty small compared to $500 billion. On the other hand, $20 billion is an important part of our approach to reduce deficits and the growth of government, so that we can keep interest rates down for people who want to buy homes, and keep taxes down for people who want to save, so that we can have investments. It's a part of the economic recovery program.

A good argument can be made that we should go a lot further, but I think we don't want to have too radical a change in the system.

Q: How did we get into the mess you describe?

A: We got into the mess by Congress increasing benefits, without increasing federal employee contributions to the system.

It was part of the "Great Society" and "New Frontier" idea of let's give everybody a whole lot of benefits and not worry how we pay for them. We are now reaping the results of those decisions, not just in the civil service retirement program, but in all of the major government entitlement programs. This is a major one of those entitlement programs. It is the fourth largest entitlement program in the government. Right after Social Security, Medicare and unemployment compensation, this is it. It's a big program and we've got to get it under control.

Q: Your critics say this is too much, too fast, and that we really need to study the problem some more. What do you say to that?

A: It isn't a question of study. The problems have been studied to death over a long period of time. Everybody knows the system has gotten out of balance. Now is the time to bite the bullet. If we don't pay now, we are going to pay more later. For example, we are asking that the federal employee contribution to the system be increased. Now, the major increases in their retirement benefits were made in 1969 following an earlier decision to put in cost-of-living adjustments. If we also had slowly raised their contributions and the government's contributions at the

"Because of the generous nature of our retirement benefits, and the fact that people can retire at age 55, we force people out of government before they should stop working, in terms of the investment we have made in their training, their evolution as valued members of the workforce, and their own benefit."

same time, we would have had about the same kind of change over a long period of time as happened in the Social Security system, where contributions have gone up about 47 percent since 1969.

It's true that we are doing it over a shorter period of time. But if we delay longer, we are going to have to make an even bigger increase in the future.

Q: But what about the morale problem? Aren't you concerned that this might cause an exodus of the government's best people?
A: We're always concerned that we might lose good people. That's a constant struggle in any organization. But I don't think we'll lose any significant number of good people. Even after all our changes in pay, health benefits and retirement, we are still going to be very competitive with the private sector. We pay more in retirement by far, about double, what the private sector does. We pay about double the health insurance benefits. We pay more in vacation time. And despite a survey that says we don't, we pay more in salary. We've done pay comparisons here at OPM that are more valid than that survey. On the average, we pay about 11 percent more than the private sector.

"The problem is that we don't have enough incentives to get people to perform and too many 'disincentives' to keep them from performing."

The ratio of applications to jobs in the federal government is very high, and they haven't changed much in recent years, so it's not because of current economic conditions. We have between nine and 10 people looking for every government job in the professions and administration. For college graduates, about 22 people looking for every job. In middle management, about 30 people looking for every job.

These ratios are relatively stable over a long period of time, and our proposals and changes that have been made in civil service benefits have been very public. One of the big personnel agencies in town found that we have been more competitive than the private sector in the last couple of years. I don't anticipate any great problem there.

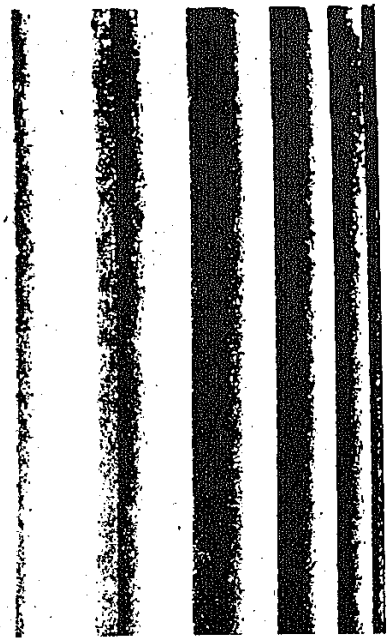
Q: You mentioned the Civil Service Reform Act. What is your assessment of that act?
A: It has been positive. I think it will go down as Jimmy Carter's major accomplishment.

Q: What about the role of labor unions in the federal government?
A: Federal sector labor relations are very strange. By law, the union can't bargain over pay and benefits, which is the most important thing they have in the private sector. And there is no bottom line in the government. You can't force the government out of business, so there are no natural restraints on a union as there are in the private sector.

On management's side, there are very few reasons why government managers should be very protective of their rights. Management isn't going to drive the union out of business any more than it is going to drive the government out of business, so it doesn't have a great incentive to resist union demands either.

I think unions could play a very creative role in the federal government. But I don't think they are playing that role today. ■

Avoiding A Rif



How the Food and Drug Administration found an alternative

By Gerald F. Meyer

Current efforts to reduce federal spending and trim the size of the federal work force have forced a number of agencies to confront the possibility of a Reduction-in-Force, or "RIF." The Food and Drug Administration recently faced this situation, but was able to avoid one. FDA's experience may be of some value to other agencies if the circumstances are similiar.

ABOUT FDA

The Food and Drug Administration is a 75-year-old federal regulatory agency that functions as a part of the Public Health Service in the Department of Health and Human Services. FDA has always managed its attrition very carefully and has used this knowledge of its attrition as an opportunity and a resource. FDA's attrition is approximately 15 to 16 per month among its field force and approximately 13 to 14 per month in the Washington metropolitan area. This includes retirements, resignations, transfers, etc. Although those numbers tend to drift up in periods of economic growth and down in periods of high unemployment, the averages have remained fairly consistent over the past 10 to 15 years.

FDA even maintains detailed information on the number of employees who have taken so-called "early-out retirement" in lieu of RIF. For example, FDA's records show that in its one previous reduction-in-force conducted in the 1950's, only about 16% of those eligible for early-out retirement exercised that option. When some of FDA's field force were affected by a 1981 reduction-in-force, directed at other parts of the Department of Health and Human Services, it was noteworthy that 30 years later almost exactly 16 percent of those eligible for early-out retirement exercised that option.

WHY A RIF SEEMED NECESSARY

FDA has had to accept its share of constraining budget decisions over the past four years. Its personnel ceiling was reduced by 1100 positions since 1978, and these losses were absorbed through attrition. Accommodating that kind of reduction through attrition over a protracted period of time resulted in a number of problems that would be anticipated under such circumstances.

- Some younger more promising employees left, anticipating limited opportunity for advancement or the possibility that some future RIF would affect them.
- Turnover was higher among clerical employees and a disproportionate number of them left, creating serious staff imbalances.
- FDA's total workload continued and increased as a consequence of an expanding industry, the use of innovative technology affecting products regulated by FDA, problems with products like infant formula, salmon, tuna, and emergencies with intentionally contaminated substances, such as Tylenol.
- Managers were subjected to cumulative and new pressures in attempting to accomplish goals in the face of continued personnel freezes and reduced staff.

Although FDA was not faced with another serious budget reduction in fiscal year 1983, the agency did have to address the personnel consequences of phasing out its antibiotic certification program—a decision that had been considered for over 10 years and was to be made effective at the beginning of FY 1983.

This decision that a sound basis no longer existed for continuing to require lot by lot certification of antibiotics would directly affect approximately 200 employees engaged in this activity. Almost all were located in downtown Washington, and many were senior workers. Although a significant number held BS or MS degrees in the biological sciences, these degrees had been received at a time when this kind of education was identifiably different than what would be involved in earning a similar degree today. Additionally, the actual work experience of these employees had become highly focused on a relatively specific set of assays and procedures. Consequently, FDA was faced with the prospect of adversely affecting a significant number of employees who might not easily be able to transfer their skills to another field or organization. An additionally sensitive aspect of the problem was the fact that a significant number of these employees were minority group members, and the agency was concerned that this purely programmatic decision not be viewed as a discriminatory action.

Struggling with ways to protect these employees had contributed to FDA's delay in ending the certification program. Nonetheless, in late 1981, FDA concluded it could no longer justify continuing the program both from the standpoint of the regulatory burden it imposed on the industry and the fact that lot by lot certification was simply not necessary. FDA also concluded that the placement problems of the employees involved were such that a RIF was the only way the agency could protect the rights of the employees affected.

WHAT ACTUALLY HAPPENED

In October of 1981, FDA began to develop a Federal Register Notice proposing to discontinue antibiotic certification, and advised the affected employees by memorandum that it would begin the necessary personnel steps to conduct a RIF. This involved reviewing employee records and agency competitive level codes because FDA's retention register appeared to contain an error rate of up to 17 percent. FDA put together a small RIF Task Force made up primarily of a group of executive officers from FDA's different bureaus and personnel, financial and EEO staff. In December of 1981, FDA announced its final decision to discontinue the antibiotic certification program, and FDA's management staff began a series of monthly meetings with all employees associated with the activities that were to be discontinued. In early spring FDA developed a revised retention register and sent a second series of memoranda to its employees encouraging them to check the information in the register to make certain it was correct

and that they understood their standing on it.

Because employees responded positively the retention register had a very high level of accuracy. The updating process revealed a number of concerns about certain competitive level codes that were perceived as either unfair or prejudicial. For example, a number of chemists expressed concern about certain codes for their discipline. To address their concerns, FDA convened a panel of chemists from the organizations affected and from an outside agency to consider the different points of view. What finally emerged from this effort was a retention register that now enjoys a high level of confidence, and which many employees participated collectively in making fair and useful. This open process of improving the retention register, and communicating with the employees in meetings and memoranda continued through June of 1982.

BACK TO THE DRAWING BOARD

Then something happened: FDA's line managers began to look at the retention register and discovered what FDA's management had learned from talking to other agencies: for every person whose job was abolished, almost four employees would be affected. As many as 800 people (including some of their best trained employees) would be displaced, bumped or retreat from their existing jobs. Some real stirring at the grass roots level began to take place as line managers and managerial personnel expressed concern about the costly and disruptive impact the RIF would have on many other parts of the agency.

One bureau developed a proposal for FDA management and circulated it to other bureaus' managerial staff. Basically that proposal said there had to be a better way to achieve the programs demise, and elicited support for "going back to the drawing board" to study possible alternatives to a RIF. FDA's senior staff agreed—providing the agency also continued to work toward a RIF. The effort to develop alternatives was allowed to run in parallel. At that point FDA also advised its employees that alternatives to a RIF were being explored, that they would be kept informed, but should not build false hopes. FDA simply explained that although they would put their best efforts to developing alternatives, plans for the RIF would have to proceed in the interim because there were no funds or positions authorized for the certification of antibiotics in fiscal year 1983.

The efforts to develop alternatives to a RIF resulted in several proposals and, finally, the presentation to FDA's management of a concept of how the agency might absorb the employees. FDA's management encouraged the effort but would not agree to it until they were assured identified reassignments for affected employees.

FDA's bureau executive officers then began to address the problems involved in placing every employee involved. Some employees' backgrounds permitted them to fit elsewhere easily, but others were far more difficult placements. As time went on and the pressure to avoid a RIF increased, line managers gave increased authority to executive officers to make commitments, and to place people, even if they would require substantial retraining. It finally came down to only a few difficult-to-place employees. The executive officers then conducted what might almost be characterized as a lottery to place the last employees, agreed on who would get whom, and then quickly confirmed to FDA's management that every one of the 200 employees would be placed.

With HHS Secretary Schweiker's concurrence, FDA Commissioner Hayes then announced the cancellation of the RIF on July 27, 1982—only a few days before RIF notices would have been issued.

LESSONS LEARNED

A number of things deserve comment and may be of interest to other agencies.

- For this to work, an agency must know its attrition rate and be able to measure and predict it with confidence. Critical to avoiding a RIF were determinations by FDA's financial management and personnel staffs that FDA could absorb 200 full time equivalent positions and, by extending the hiring freeze, still remain within its total FTE ceiling.
- The total number of positions being abolished must be less than the annual attrition experienced by an agency. If FDA had been forced to abolish more than 300 to 360 positions, there would have been no way of even attempting to avoid a RIF.
- A good retention register, developed early, in a very public and participatory way, and made widely available is critical to developing employee and supervisor understanding of the RIF process, as well as management perspective about the expected impact.
- Individual line managers must be allowed to reach their own conclusion that the cost of the RIF in terms of disruption of their programs is greater than efforts required to reassign and retrain affected employees and the frustration of a continued freeze on employment. Assertions to that effect by either employees or top management will always be suspect.

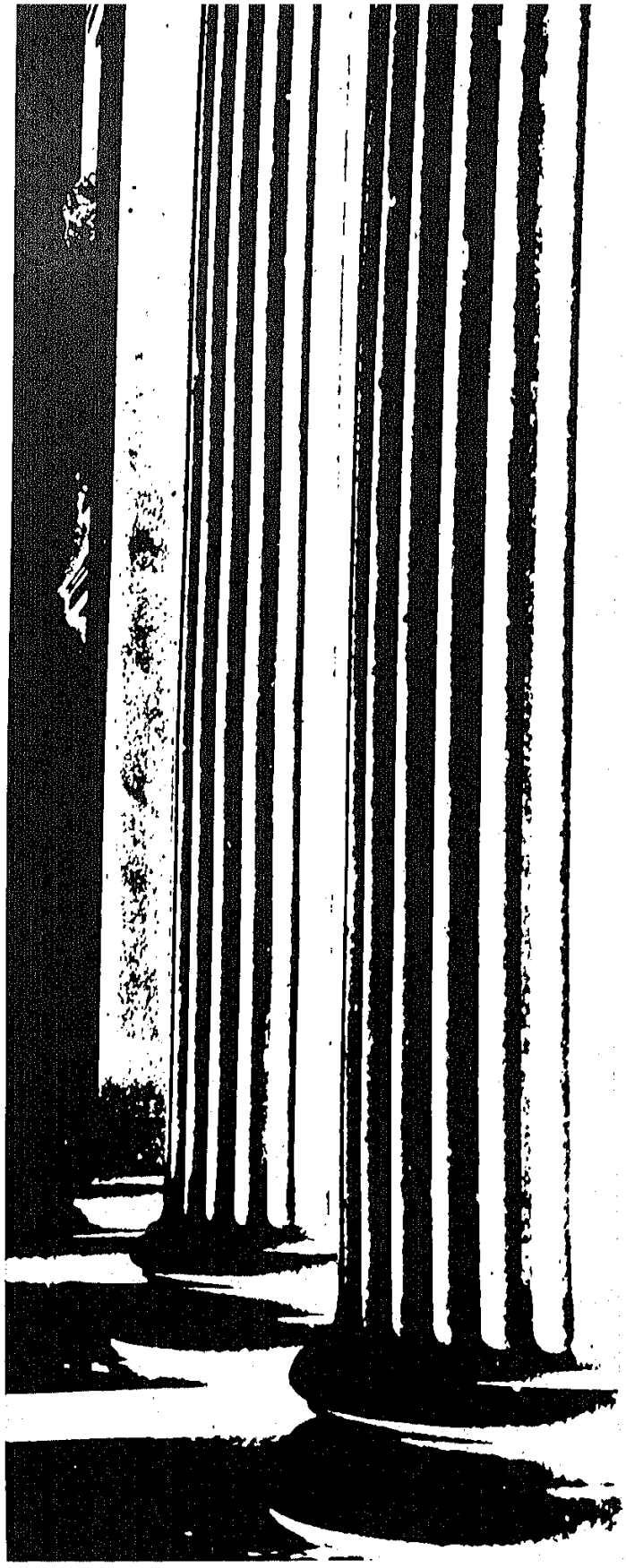
FDA believes it could not easily (perhaps not at all) have mandated what happened from the top. Had the Commissioner and his staff directed the agency's managers to absorb these employees, most believe FDA would have had something close to rebellion on its hands from line managers who were more than weary of repeated ceiling reductions accomplished through attrition over the past 4 to 5 years.

POSITIVE SPINOFFS

• First and most important, many employees came to conclude that agency management really did care about them.
• Second, line managers and bureau executive officers became very confident and committed about their ability to offer a better alternative. This even reached a point, when placement activities were intense, where agency officials and line managers who had not been asked to accept any employees came and asked to do their share. It became important and symbolic to join in the agency's effort to avoid a RIF and to help place the employees who jobs were abolished.
• Third, the affected employees changed their views about what was happening. Most employees originally scheduled to be RIFed were located in downtown Washington and were hopeful of being placed in jobs that would not disrupt their commuting habits. However, those being outplaced to Rockville, Beltsville, and Bethesda began receiving calls from new supervisors expressing a warm welcome, and describing how they were going to help these employees learn to do their new jobs and perhaps begin new careers. Suddenly, those who were remaining in jobs similar to their old jobs became envious of those who were being reassigned to other locations.

Credit for FDA's successful effort to avoid a RIF can be shared by many people. But most of all, it goes to small group of bureau executive officers and personnel, financial and EEO staff who believed there had to be "a better way" and to line managers who were willing to put in the extra time to take a fresh look at the backgrounds and strengths of employees affected. It was this effort that really made it all possible. ■

Gerald F. Meyer is Associate Commissioner for Management and Operations at the Food and Drug Administration in Rockville, Md.



Taking Action on the Problem Employee

By Cynthia Field

Since most employees are self-disciplined and motivated to work for their own and the agency's best interests, a manager who wants to improve performance can achieve best results by rewarding work well done. Sometimes, however, you are faced with an employee whose performance or conduct creates problems. If you are not sure how to proceed or believe that any action is too difficult, you may let problems slide. Inaction is usually not the answer because it may turn small difficulties into major disruptions. The guidance that follows describes the decision making process you should use when faced with problem employees and explains the distinction between performance problems and conduct problems.

You must be aware of your labor relations obligations to the employee and to the exclusive representative in any effort to deal with problem employees. Familiarize yourself with provisions of collective bargaining agreements applicable, particularly those applying to performance appraisals, actions related to unsatisfactory performance, and disciplinary actions. Develop a continuous line of communication with your labor relations staff, with union representatives, and, if necessary, with agency legal counsel. The steps described below should be used in dealing with employees who have completed their probationary periods. However, if possible, you should not put off actions during the probationary period if a problem is evident. At that time, you have the authority to separate the employee with fewer procedures. Any delay until the probationary period is over will result in problems that are more difficult to solve.

What is the problem?
The employee has done something or failed to do something that adversely affects his or her work, the ability of other employees to do their jobs, or the agency's mission. You are faced with decisions on how to handle the incident or series of incidents. First, you must decide whether the incident involves the employee's poor performance on the job or involves an act of misconduct. Next, you must decide what type of action will best deal with the situation.

Performance?
Do the problems involve performance; that is, reports that are prepared unacceptably, typed documents with many errors, processing forms incompletely filled out? Is the employee's discourtesy causing problems in a job requiring constant dealings with the public? Does the poor work affect assigned job tasks that are covered by one or more critical elements and performance standards? Has the employee been informed in writing of the elements and standards so that he or she knows what is expected? If the problem is job performance, such incidents can be handled under the procedures for counseling, reductions in grade or removal for unacceptable performance, a nondisciplinary method specifically aimed at handling continuing performance problems easily and without delay. If poor performance results from outright refusal to do the work rather than inability, to do it, you may want to take disciplinary action, discussed in the next paragraph.

Conduct?
Is the employee coming to work late or not requesting leave properly? Was he or she in a fight, talking rudely to fellow employees, disrespectful or insubordinate to a supervisor? Has the employee been caught taking agency property home without permission? Was he or she drinking on duty? Did the employee violate an agency regulation about outside employment? These are all conduct problems, usually handled through disciplinary procedures.

You have two ways to deal with them, depending on the severity of the conduct: either lesser disciplinary actions, including reprimands, admonishments, and suspensions of 14 days or less; or more severe disciplinary actions, including suspensions of more than 14 days, reductions in grade, and removal. It is better to use the lesser disciplinary actions, including suspensions of 14 days or less when this type of action will correct the problem. Often, no further action is necessary. In addition, less severe actions have fewer procedural requirements. Finally, they establish a record of progressive discipline that will establish a better base if more severe action becomes necessary later. Other lesser disciplinary actions are covered by individual agency regulations or by the provisions of an applicable collective bargaining agreement.

(Sometimes you may find that the incident is so serious that you have no choice but to recommend or take more severe disciplinary adverse action, including suspensions for more than 14 days, reduction in grade, or removal. A later article will discuss the provisions for disciplinary actions covered by OPM regulation.)

Alcohol, drugs, and other personal problems

1. Offer of counseling. When you discuss performance or conduct problems with an employee, he or she may tell you of a problem with alcohol or drugs, or a personal situation which is affecting performance or conduct. Refer the employee to your agency's employee assistance program. If the employee's problem is one of alcohol or drug use, the agency program may offer rehabilitative assistance or may refer the employee for treatment outside the agency. This period of rehabilitation may serve as an alternative to any personnel action you consider taking or may be concurrent with such actions.

2. Opportunity to bring up problem. If you only suspect the existence of alcohol or drug abuse as the reason for a performance or conduct deficiency, you should ask the employee assistance program counselor for advice on your next step. After you talk to the counselor, you probably will want to have an informal

discussion with the employee on the unsatisfactory performance or conduct and the possibility of future actions, and then refer him or her to the employee assistance program. If an employee who you believe has an alcohol or drug problem will not admit to it or seek help, when given an opportunity to do so, then you may go on with whatever action is necessary.

3. Failure to keep agreement. If the employee agrees to participate in a rehabilitation program and then does not keep appointments, or the rehabilitative efforts do not result in performance or conduct that is improved to an acceptable level, you should take or recommend appropriate personnel action.

Reasonable accommodation

1. Possible handicapping condition. In the case of alcohol and drug problems, you are required to offer rehabilitative assistance as "reasonable accommodation" of the employee's known handicap. The employee may offer a physical or mental disability as the reason for a performance or conduct problem. You should ask him or her to provide a specific statement from a physician to substantiate the existence of the condition and its effects on the employee's job performance. Ask your personnel office what specific information should be included in the statement.

2. Ways of providing accommodation. If you find that the employee is indeed suffering from a handicapping condition, you will want to check with the personnel office on what steps can be taken to accommodate the condition—either by changes to the current position or by reassignment to another position. Many employees can continue useful employment this way.

3. Disability retirement. If the condition cannot be accommodated, and the employee is eligible, disability retirement may be the answer. Here is an outline of information on this procedure.

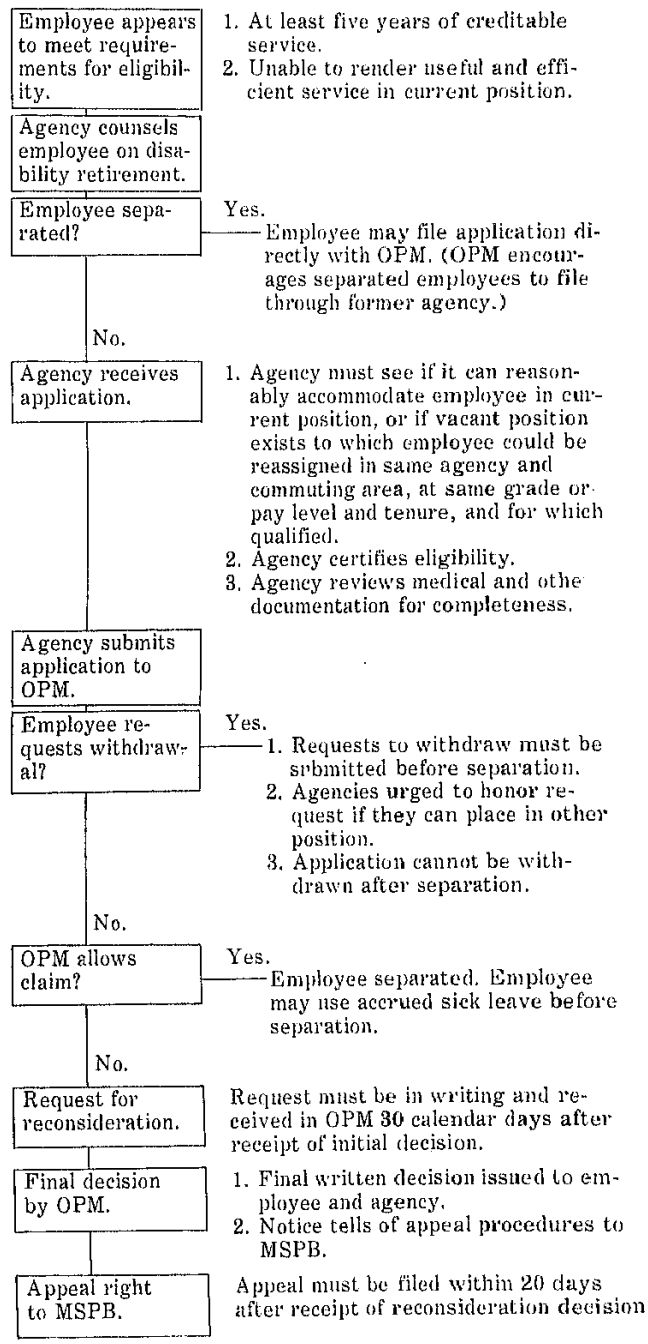
Leave problems

Leave use often presents difficulties for the supervisor: when to approve leave; when to disapprove leave; what to do when the employee has been on extensive approved sick leave; when you can take or propose action after you have approved excessive leave without pay, much of which should have been denied based on the need for the employee's services. Prolonged absence or repeated absence usually affects an employee's ability to do his or her job acceptably.

Following is a necessarily simplified discussion of common concerns on approving or disapproving leave. Check with the personnel office for more detail on any given aspect, or on agency procedural requirements for restrictions placed on an individual's leave use and on your authority to grant or deny leave.

1. Annual leave. An employee has a right to take annual leave subject to re-

Disability Retirement Applications of Employees


Employee appears to meet requirements for eligibility.
1. At least five years of creditable service.
2. Unable to render useful and efficient service in current position.
Agency counsels employee on disability retirement.
Employee separated?
Yes.
Employee may file application directly with OPM. (OPM encourages separated employees to file through former agency.)
No.
Agency receives application.
1. Agency must see if it can reasonably accommodate employee in current position, or if vacant position exists to which employee could be reassigned in same agency and commuting area, at same grade or pay level and tenure, and for which qualified.
2. Agency certifies eligibility.
3. Agency reviews medical and othe documentation for completeness.
Agency submits application to OPM.
Employee requests withdrawal?
Yes.
1. Requests to withdraw must be srbmitted before separation.
2. Agencies urged to honor request if they can place in other position.
3. Application cannot be withdrawn after separation.
No.
OPM allows claim?
Yes.
Employee separated. Employee may use accrued sick leave before separation.
No.
Request for reconsideration.
Request must be in writing and received in OPM 30 calendar days after receipt of initial decision.
Final decision by OPM.
1. Final written decision issued to employee and agency.
2. Notice tells of appeal procedures to MSPB.
Appeal right to MSPB.
Appeal must be filed within 20 days after receipt of reconsideration decision.

questing it properly and to the right of the agency to fix the time when it may be taken. The agency is not obligated to approve a request made either in advance or on an emergency basis if it requires the employee's services during the period for which leave is requested, no matter how valid the reasons for the request.

2. Sick leave for illness or injury. An employee is entitled to use accrued or accumulated sick leave when incapacitated by illness, injury, or pregnancy; receiving emergency medical treatment; or exposed to a contagious disease that would jeopardize the health of others. Your agency has the discretion to determine the nature of medical evidence required to support an employee's claim of illness or injury. If the evidence submitted in response to your request for documentation does not meet agency requirements, you or the appropriate official should deny the leave request.

3. Nonemergency or advance sick leave. If the employee requests sick leave for nonemergency purposes or requests advance sick leave (even with proper medical documentation), you or the responsible official have the authority to deny the employee's request if the employee's services are needed. If the employee fails to follow prescribed procedures for requesting or documenting emergency or nonemergency sick leave, the appropriate authority may deny the request if it considers extenuating circumstances insufficient to warrant approval.

4. Leave in connection with worker's compensation. In similar fashion to paragraph 2, above, an employee is entitled to use accrued and accumulated sick leave when incapacited by a work-related injury or illness. While the employee is waiting for adjudication of a claim for worker's compensation, your agency again has the discretion to determine the nature of medical evidence required to support the claim of injury or illness. If the evidence submitted in response to your request for documentation does not meet agency requirements, your agency should deny the leave request. Once compensation has been granted and the employee exhausts or chooses not to use available sick leave, the agency has the discretion to decide whether to approve or deny any further request for annual leave or leave without pay (LWOP). Your personnel office can help make decisions in this kind of situation.

5. Absence without leave. If you or the appropriate authority have denied a request for leave or have not authorized an absence, the absence from duty is properly recorded as absence without leave. Recording an absence this way is not a disciplinary action, but may form the basis for initiating future disciplinary action.

6. Extended leave without pay. Many supervisors unthinkingly grant LWOP repeatedly over an extended time, then suddenly wish to remove the employee. In most cases, a removal action cannot be based on approved sick or annual leave, or LWOP. There are exceptions to this, but only in unusual circumstances. See your personnel office when you are faced with excessive approved absences and need to take action.

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This article is adapted from the Personnel Management Services Handbook #751–A, Taking Action on the Problem Employee, which is available from the Superintendent of Documents, Goverment Printing Office.

January 16, 1983 was the centennial anniversary of the passage of the Pendleton Act, which assured that jobs in the classified service would be filled on the basis of competitive examinations. Although only approximately 10 percent of federal jobs were in the classified service at the time, the Act established the merit principle for a competitive civil service that now encompasses 91 percent of federal government employment.

Senator George Pendleton and The Pendleton Act

By Richard L. Hurt

Introduced by Ohio Senator George Hunt Pendleton and passed in the first session of the 47th Congress with bipartisan support, a civil service reform bill arrived on the desk of President Chester A. Arthur on January 16, 1883.

Although President Arthur had announced that he would sign the reform bill, one final hurdle remained: the approval of the cabinet, which at the President's request, met with him that morning specifically to discuss the Pendleton bill.

The meeting lasted several hours. At its conclusion, President Arthur signed into law the legislation bearing the official title of

"An Act to Regulate and Improve the Civil Service of the United States," and further identified as Senate Bill 133, 47th Congress, Second Session.

It was, as even its most ardent supporters, including Senator Pendleton, stressed, a blueprint, a beginning. It provided a solid foundation for the establishment of a career civil service based on competitive examinations without regard to political considerations.

At the outset, only 13,900 positions—clerkships ranging in salary from $900 to $1,800 a year—were placed in the competitive system. The positions represented only a fraction of the 132,000 positions in the civil service a century ago. The remaining 89.5 percent was still staffed through the spoils system, which, even with passage of the Pendleton Act, proved to be far from dead.

But the new law gave presidents authority to increase the number of positions under the merit system, a power succeeding chief executives would use—some more than others. The cumulative effect was to gradually extend coverage under the merit system. Today, more than 91 percent of civil service positions fall under the classified system.

The Pendleton Act was the culmination and refinement of prior efforts at civil service reform. It went far beyond the one-sentence "Rider of 1871," which some term the first modern civil service legislation in American history. It was a giant step forward, by any yardstick.

The Pendleton Act forbade assessments, or kickbacks, for political purposes from civil servants. It also provided for a bipartisan three-man commission to administer the law. President Arthur appointed Dorman Eaton, a Republican, as the first head of the new commission. Eaton was a well-known reformer who had earlier headed a commission that both came into being and expired during the Grant Administration. The other two commissioners selected were John M. Gregory of Illinois, a Republican, and Leroy B. Thoman of Ohio, a Democrat. Confirmed by the Senate on March 1, 1883, they took the oaths of office eight days later.

Even though the law was not to be effective until six months after its passage, the new commission held its first meeting the day they took their oaths. The meeting was held in Eaton's room at Wormley's Hotel where they worked until the government provided temporary quarters in a private dwelling, followed later by a move to the Agriculture Department Annex.

The three commissioners, whose staff consisted of just four employees, got down to work immediately drafting civil service rules. They started building the foundation for a permanent central agency responsible for transforming into reality the ideals of the civil service reform movement.

That the Pendleton Act came to fruition was attributable to a long standing public demand for reform and a series of events, most vivid of which was the assassination of President Garfield, on July 2, 1881, by an unsuccessful job-seeker, Charles J. Guiteau. A nation aghast at Guiteau's crime loudly joined in the cry for reform and the movement leaped forward.

Two and a half months after Garfield's death, Pendleton, chairman of the Senate Committee on Civil Service Reform, introduced a bill drafted by Eaton and other reformers. Pendleton had introduced a reform bill in the Senate in December, 1880, which had gone nowhere. He was a student of government, had traveled extensively in Europe and later served in the Ohio Senate and the U.S. House, and had run for vice-president before his election to the U.S. Senate in 1879.

Getting the bill through to passage was, despite the tenor of the times, a formidable task. There was much opposition to the proposed legislation by some political factions and Pendleton's subsequent failure at re-election to the Senate has been attributed to their hostility over his shepherding the bill to successful passage.

Following his defeat, Pendleton was appointed by the President to the post of Minister to Germany, where he served until his death.

The Office of Public Affairs, OPM, has prepared a poster, a pamphlet and other information on the federal civil service centennial. Single copies may be obtained upon request. (202) 254-8760.

Richard L. Hurt is a public information specialist in the Office of Public Affairs, OPM.

Admistrative Conference Recommends Tort Immunity for Federal Officials

By Joseph A. Morris

Of concern to all Federal officers and employees—whether in the civil, postal, armed, intelligence, or other services—is the issue of their personal liability in tort for acts taken in the course of discharging their official duties.

Personal liability lawsuits have been brought over such matters as personnel decisions; work and training assignments; computations of benefit entitlements; use and disclosure of information; denials of information requests; and the conduct of law enforcement operations. Such actions are brought directly under the Federal Constitution, alleging official violations of constitutionally protected rights. Because the doctrine of sovereign immunity prevents these claims from being pressed directly against the Government, they are brought personally against the Federal officials involved, who are thereby exposed to liability for money damages and other relief. The Supreme Court sanctioned proceedings of this kind in *Bivens* v. *Six Unknown Named Agents*, 403 U.S. 388 (1971).

Some 2,000 of these lawsuits are now pending against Federal employees. Although most were brought by private citizens, a substantial number were commenced by Federal employees who are displeased by workplace decisions made by superiors and coworkers. Few such lawsuits ever result in adverse judgments, but the process of litigation is itself harassing, burdensome, and chilling of decisive action. It has the unfortunate effect of making Federal employees think more about their personal welfare and finances than about their legal duties when taking difficult or controversial actions.

On December 16, 1982, the Administrative Conference of the United States adopted Recommendation 82–6 calling for a statutory waiver of sovereign immunity coupled with the legislation of personal immunity for Federal officials acting within the scope of their duties. This reform would make the Government liable for constitutional torts committed by Federal servants, thereby significantly enhancing the real protections and remedies available to individuals whose rights are actually violated.

Ensuring the accountability of all Federal employees for their actions is a fundamental duty of every Federal agency head and manager. The Civil Service Reform Act of 1978, statutes relating to the work of inspectors general, and the criminal code all contain strong provisions authorizing administrative actions to redress employee wrongdoing. In the long run, these measures can do more to safeguard constitutional rights than can myriad personal liability lawsuits brought by private parties.

The Administration strongly supports legislation that would implement the recommendations of the Administrative Conference. The full text of the recommendation follows.

Joseph A. Morris is the General Counsel of OPM. He is a member of the Administrative Conference of the United States, and was the principal proponent in the Conference of the proposals that were adopted as Recommendation 82–6.

RECOMMENDATION 82–6

FEDERAL OFFICIALS' LIABILITY FOR CONSTITUTIONAL VIOLATIONS

(Adopted December 16, 1982)

This recommendation focuses on the increasing risk to federal executive branch officials of civil liability for monetary damages for alleged violations of federal constitutional rights. This vulnerability has expanded dramatically in recent years, as a result of judicially-discovered rights enunciated in *Bivens* v. *Six Unknown Named Agents*, 403 U.S. 388 (1971), and subsequent court cases involving allegations of official misconduct. Under the present system of officials' liability, as developed piecemeal by the courts, an individual federal employee (except certain categories of officials, including the President, who have been ruled to have absolute immunity) may be held personally liable for acts that, though committed while the employee was acting within the scope of office or employment, may subsequently be found to violate a constitutional provision. Juries may hold officials liable for actual damages where they cannot show that their actions were taken in good faith—that is, in the belief that their conduct was lawful—and for punitive damages where they are shown to have acted maliciously or with reckless disregard of the plaintiff's constitutional rights. At present, damages may not be recovered against the United States for violations of constitutional rights as such, although claims arising out of the same conduct may or may not be stated against the Government under the Federal Tort Claims Act, 28 U.S.C. §§ 2671–2630.

The existing system of civil sanctions for constitutional violations by federal officials does not provide adequate assurance of compensation for victims of such violations and discourages proper conduct by Government officials. In addition, the federal Government often has interests at stake in constitutional tort litigation involving its officials which may not be represented adequately when individual officials themselves are the defendants on trial.

In *Carlson* v. *Green*, 446 U.S. 14 (1980), the Supreme Court suggested that the courts may properly refuse to entertain monetary damage actions against federal officials if Congress has expressly substituted a different remedy or made available an alternative to the *Bivens* remedy. In the Conference's view, such an alternative system is likely to improve the effectiveness with which federal programs and laws are administered.

To serve the primary goals of compensation, deterrence, and fairness in dealing with constitutional violations assertedly committed by federal officials, and to afford a solution to the problems perceived to flow from the current system of individual liability, Congress should replace the existing system by accepting public liability for wrongs done in the public's name and by strengthening the means of dealing

with the wrongdoers. When defending against constitutional tort claims, the Government should be able to assert any immunity or good faith defense available to the officials.

Since the Conference's mandate extends only to matters affecting the administration of federal agencies' programs, this recommendation addresses only actions against executive agency officials. We do not intend to suggest that the same considerations do not apply to officials of the legislative and judicial branches.

Recommendation

1. Congress should enact legislation providing that the United States shall be substituted as the exclusive party defendant in all actions for damages for violations of rights secured by the Constitution of the United States committed by federal executive branch officers and employees while acting within the scope of their office or employment. The legislation should provide adequate procedures to ensure that, where a damage action for violation of such rights is brought against an executive branch officer or employee, such action should be deemed to have been brought against the United States upon certification by the Attorney General that the defendant officer or employee was acting within the scope of his office or employment at the time of the incident out of which the suit arose. The Attorney General's failure to make sueh certification should be judicially reviewable.

2. Such legislation should provide that, in actions alleging constitutional violations, the United States may assert as a defense any qualified immunity or good faith defense available to the executive branch officer or employee whose conduct gave rise to the claim, or his reasonable good faith belief in the lawfulness of his conduct. The United States should also be free to assert such other defenses as may be available, including the absolute immunity of those officers entitled to such immunity.

3. The agency that employed the offending official should be responsible for investigation and, where appropriate, for disciplining the official and implementing any other appropriate corrective measures. The Office of Personnel Management should assure, via guidance promulgated through the Federal Personnel Manual and other devices, that agencies are authorized to employ existing mechanisms to impose sanctions on officers and employees who have violated the constitutional rights of any person. Employees should be permitted to assert as a defense in any disciplinary proceeding their good faith in taking the action in question, as well as such other defenses as may be available.

4. Congressional legislation should preserve the opportunity for jury trial only with respect to claims that arose prior to the effective date of the legislation implementing this recommendation.

DC Circuit Shorts Out in Last Arbitration Case

By Stuart M. Foss

In what will probably be the last decision in a Federal-sector labor arbitration case rendered by the United States Court of Appeals for the District of Columbia Circuit, a three-judge panel has introduced confusion into the process of judicial review of arbitration awards. *Devine* v. *White*, U.S.C.A., D.C. Cir., No. 81–1893 (January 7, 1983).

Adding to the confusion is a footnote in the panel's main opinion, written by Circuit Judge Harry Edwards, citing as authority a speech that Judge Edwards intends to deliver several months from now before a national convention of arbitrators. A draft of the speech text was not made available with the judge's opinion. (Before his appointment to the bench in 1980, Judge Edwards was a well-known labor arbitrator).

The panel's opinion holds that (1) OPM is neither required nor permitted to ask an arbitrator to reconsider an award before OPM seeks judicial review; (2) OPM must appeal awards within 30 days of receiving notice of them; (3) no judicial deference should be given to a finding by OPM that an arbitral decision offends civil service laws, rules, or regulations; and (4) courts reviewing Federal sector arbitration awards should respect the "national policy" favoring arbitration of labor-management disputes and limiting judicial review of arbitral decisions that has been applied to the private sector since the Supreme Court's decisions in the "Steelworkers Trilogy," *United Steelworkers* v. *Enterprise Wheel & Car Corp.*, 363 U.S. 593 (1960); *United Steelworkers* v. *Warrior & Gulf Navigation Co.*, 363 U.S. 574 (1960); and *United Steelworkers* v. *American Manufacturing Co.*, 363 U.S. 564 (1960).

In short, the panel held that courts should not hold Federal-sector arbitrators to strict compliance with civil service laws; unlike the Merit Systems Protection Board (MSPB), which is bound by statutes and regulations, arbitrators should be given flexibility in devising rules of decision that are guided more by the spirits of negotiated agreements than by the letters of the law.

The panel's conclusions conflict with a prior *per curiam* decision of the same Court of Appeals, announced in *Devine* v. *Goodstein*, 669 F.2d 736 (D.C. Cir. 1981). It also conflicts with the literal language of Title VII of the Civil Service Reform Act of 1978, 5 U.S.C. §§ 7101 *et seq.* *See* 5 U.S.C. § 7121(f). OPM is presently weighing an application for rehearing *en banc* in *Devine* v. *White*.

The significance of the panel's decision in *Devine* v. *White* may be limited, not only by the weight of precedent in *Devine* v. *Goodstein*, but also because on October 1, 1981, jurisdiction over future arbitration appeals was transferred by Congress to the new United States Court of Appeals for the Federal Circuit. It is hoped that the Federal Circuit will clarify the matters clouded by *Devine* v. *White* at an early time.

Stuart M. Foss is Assistant General Counsel of OPM in charge of the labor-management law division in the office of OPM's General Counsel.

Government Management Study

Job profiles of senior executives and middle managers are analyzed in a report by researchers in OPM's Office of Executive and Management Development, which surveyed federal managers in those categories to discover the similarities and differences in their jobs. The detailed results point out some general findings. Among these: senior executives spent more time on networking, keeping up-to-date, information dissemination and representing their units than do middle managers, and had a greater need to understand external issues. Middle managers spent more time dealing with technical issues and work projects. Although both levels share a broad similarity of common concerns, executive responsibilities are not "simply more of the same at a higher level, but involve a reorientation to carrying out management activities." The report, undertaken as part of OPM's responsibility in the area of executive qualifications for entry into the SES and in developing policy and assistance on systematic executive development programs, is available from the Executive and Management Development Division, OPM. (202) 254-7834.

Employee Communication Preferences

According to a recent survey of 32,000 workers conducted by the International Association of Business Communicators and the firm of Towers, Perrin, Forster & Crosby, employees ranked immediate supervisors first as their preferred and actual source of information. Respondents ranked the grapevine fifteenth as a preferred source and second as an actual source. Employee handbooks earned a three in actual ranking and a preferred ranking of four. Bulletin boards were the preferred second choice but fifth as an actual source.

The top ten subjects, rated in order of interest, included future plans of the organization, productivity improvement, personnel policies and practice, job-related information, job advancement opportunities, external events' effects on jobs, how the job fits into the overall organization, news of other departments and divisions, organization's competitive positions and personnel changes/promotions.

Although survey respondents appreciated efforts made to communicate with them, they indicated the amount and quality of information received could be improved. More than 66 percent believed official sources don't tell the full story and less than half considered their organization's communications as "candid" and "accurate."

Less than half of the respondents believed management acted on employee suggestions and ideas, making them skeptical about upward communications and organization communications as a two-way street.

Respondents suggested supervisory communications can be improved by the organization providing supervisors with a "steady flow of information on management decisions affecting employees, a good sourcebook on policies and procedures, and training in communication skills." (*The Government Manager*, 2/7/83) AG

High Tech: New Job Boon or Bane?

It is easy to feel out of sync with the times without at least some hands on experience with computers. From home video games to automatic bank tellers, the way of the future is clear: high tech will play a prominent role in everyday life.

Does it follow, then, that high tech is where the jobs are? Not so, according to Henry M. Levin and Russell Rumberger of Stanford University's Institute for Research on Educational Finance and Governance.

In spite of America's love affair with the computer, high tech is not the place where most new jobs will be found, nor will high tech require vast upgrading of American labor's skills.

According to Labor Department statistics based on projections for the 1980's, jobs for computer programmers would grow between 74 and 148 percent while overall job growth would only be 22 percent.

But as Levin and Rumberger point out, the total number of new jobs for computer programmers is expected to be 150,000. Some 1.3 million new jobs are projected for janitors, nurses' aides and orderlies. In fact, no high tech job makes the Labor Department's top 20 in terms of total numbers of jobs added to the U.S. economy.

The greatest employment gains, around 148 percent, will be for data-processing machine mechanics. But that large gain translates into an increase of less than 100,000 new jobs, compared

to 800,000 new jobs projected for fast-food workers and kitchen helpers alone.

Nor will the creation of high tech jobs demand increasingly sophisticated work skills. Secretaries will work with word processing equipment; bookkeepers will use computerized financial spread sheets; purchasing and inventory clerks will apply computerized record systems; mechanics will use diagnostic equipment employing minicomputers; telephone operators will rely on computerized directories.

Studies suggest that the new technologies might make work tasks more routine and reduce opportunities for worker individuality and judgment. As computer languages have become more "user-friendly" and sophisticated software has been available for a large variety of tasks, many computer programming positions have been eliminated or their skill requirements downgraded.

Levin and Rumberger regard the high tech boom warily. They see new and different sets of problems arising from its growth. Not only will the economy create more low-skill jobs than high skill work, it is possible that high tech will eliminate far more jobs than it will create. For example, they speculate that the use of computer-assisted design (CAD) software may eliminate a majority of the 300,000 drafting jobs in the U.S. (*The Washington Post*, 1/30/83), EAS

Employee Motivation Declining

Employee motivation is on the decline in America, asserts Dr. Philips C. Grant, and has been for some time. Grant, professor of Business Administration, Husson College, Maine, states the trend has been camouflaged by rapid technological advance so that "the decreasing contribution of employees was largely unapparent—or ignored."

Grant identifies ten possible causes:

- greater instability and diversity of employee values; changes in what is believed to be the norm
- more guaranteed rewards that are independent of performance, such as fixed wages or fringe packages
- inability of rewards to satisfy employee needs; rewards must be perceived to be valuable or they will not serve to motivate
- disappearing work ethic; fewer people believe hard work is synonymous with success
- reduced costs of failure; penalties for lack of success are becoming extinct
- rising income and progressive taxation; additional income increments are not perceived as valuable
- more group production and problem solving; rugged individualism is no longer in demand, groups disperse both praise or criticism among members
- decreased employee loyalty to an organization
- supervisors no longer control rewards and penalties
- people think in the short-term rather than the future.

Grant does not single out any factors and maintains a reversal of the decline motivation will take years, "if not decades." (*Personnel Journal*, 12/82) AG

Retirement Cases Speedup

Good news for recent federal and postal retirees. The Office of Personnel Management has cut down processing time for a retirement case application from an average 146 days in 1980 to an average 42 days. According to OPM officials, there are now 23,000 cases pending, compared to 100,000 in 1980. Progress is due to: new automated equipment, added staff, a closer working arrangement with departments and agencies, and closer coordination between personnel and payroll staffs. EAS

Chronology of GS and Senior Executive Pay Raises

Imagine the following headline: FEDERAL WORKERS TAKE TEN PERCENT CUT. Federal workers during the Great Depression did just that: The civil service received salary cuts of 15 percent in 1933, 10 percent in 1934 and 5 percent in 1935.

The following chart shows the salary adjustments from the creation of the General Schedule under the Classification Act of 1949 to the present.

Date	*Percent of Increase*	*Adjustment*
October 28, 1949	4.0	$140 for all employees, subject to ceiling of $14,800.
June 30, 1951	10.0	10% for all employees, subject to minimum increase of $300; maximum increase of $800 and ceiling of $14,800
February 28, 1955	7.5	7.5% for all employees, subject to ceiling of $14,800
June 30, 1956	—	Ceiling raised to $16,000
January 1, 1958	10.0	10% for all employees, subject to ceiling of $17,500
October 1, 1973	4.8	Increase ranged from 4.6% to 5.2%; subject to ceiling of $36,000
October 1, 1974	5.5	5.5% for all employees; subject to ceiling of $36,000
October 1, 1975	5.0	5% for all employees; subject to ceiling of $37,800
October 1, 1976	5.2	Increase ranged from 4.2% to 6.9%; subject to ceiling of $39,600
February 20, 1977	—	Ceiling raised to $47,500
October 1, 1977	7.0	7% for all employees; subject to ceiling of $47,500
October 1, 1978	5.5	5.5% for all employees; subject to ceiling of $47,500
October 1, 1979	7.0	7.0% for all employees; subject to ceiling of $50,112.50
October 1, 1980	9.1	9.1% for all employees; subject to ceiling of $50,112.50
October 1, 1981	4.8	4.8% for all employees; subject to ceiling of $50,112.50
January 1, 1982	—	Ceiling raised to $57,500
October 1, 1982	4.0	4.0% for all employees
December 18, 1982	—	Ceiling raised to $63,800

Pay for the Senior Executive Service (SES) 1979—1983

Date	*Level*	*Amount of Increase* *Scheduled*	*Payable*
July 1979	ES–1	$44,756	$44,756
	ES–2	46,476	46,756
	ES–3	48,250	47,500
	ES–4	50,100	47,500
	ES–5	51,450	47,500
	ES–6	52,800	47,500[1]
October 1979	ES–1	$47,889	$47,889
	ES–2	49,499	49,499
	ES–3	51,164	50,112.50
	ES–4	52,884	50,112.50
	ES–5	54,662	50,112.50
	ES–6	56,500	50,112.50[2]
October 1980	ES–1	$52,247	$50,112.50
	ES–2	53,996	50,112.50
	ES–3	55,804	50,112.50
	ES–4	57,673	50,112.50
	ES–5	59,604	50,112.50
	ES–6	61,600	50,112.50[2]
October 1981	ES–1	$54,755	$50,112.50
	ES–2	56,936	50,112.50
	ES–3	59,119	50,112.50
	ES–4	61,300	50,112.50
	ES–5	62,950	50,112.50
	ES–6	64,600	50,112.50[2]
January 1982	ES–1	$54,755	$54,755
	ES–2	56,986	56,936
	ES–3	59,119	58,500
	ES–4	61,300	58,500
	ES–5	62,950	58,500
	ES–6	64,600	58,500
October 1982	ES–1	$56,945	$56,945
	ES–2	59,230	58,500
	ES–3	61,515	58,500
	ES–4	63,800	58,500
	ES–5	65,500	58,500
	ES–6	67,200	58,500
December 1982	ES–1		$56,945
	ES–2		59,230
	ES–3		61,515
	ES–4		63,800
	ES–5		65,500
	ES–6		67,200

(SES pay ceiling lifted; rates effective until 9/30/83)

[1]*If member was previously an Executive Level IV, the rate of $50,000 was continued.*
[2]*If member was previously an Executive Level IV, the rate of $52,750 was continued.*

In 1962, the pay comparability concept was established as a guide for the federal General Schedule pay system. The procedure requires that pay scale adjustments be made on the basis of a comparison with private sector employees in similar employment. Authority to adjust pay rates remained with the Congress until the Federal Pay Comparability Act of 1970, which delegated to the President the authority to make annual adjustments under the principle of comparability.

The comparison under which adjustments are recommended to the President is based on a survey of Professional, Administrative, Technical and Clerical (PATC) rates conducted annually by the Bureau of Labor Statistics. The pay-setting process is overseen by the President's Pay Agent, composed of the Directors of the Office of Management and Budget and the Office of Personnel Management, and the Secretary of Labor. The Pay Agent consults with a five-member Federal Employees Pay Council. An independent panel of experts, the Advisory Committee on Federal Pay, also advises the President.

The President does not have to accept recommendations based on the survey, and in five of the last six years, three Presidents have presented alternate rates that have been accepted by the Congress.

This year, the PATC survey indicated that federal salaries were 18.47 percent lower than the private sector's. However, research which has been carried on since the 1960's had indicated some problems with the comparability system, and in 1980 a study by the U.S. Chamber of Commerce reported that federal salaries were 35.5 percent higher than private sector salaries and 42 percent higher than average pay in state and local governments.

An OPM study on the whole pay comparability system, released in late January, contained several possible approaches to reform the present system. Included are the following alternate methods for pay setting: continuation of the present system, a return to Congressional pay setting, collective bargaining, changes in the present survey's weighting factors, and a comparison that balances rates paid with the labor market available. No particular approach was recommended and further study will be undertaken. Copies are available from the Office of Public Affairs, OPM, LIA

MORE ON GOVERNMENT PUBLISHING

The 10-year campaign by federal editors and publishers to reform the pricing of government publications passed a milestone April 12, when the Government Printing Office announced a series of major policy changes.

Public Printer Danford L. Sawyer, Jr., told a news conference that the changes are designed not only to lower prices of publications now in the GPO sales program, but also to make many additional publications available in both microfiche and in paper copies produced (blown back) from microfiche.

The changes will:

- Abolish a 10 percent surcharge which GPO added to its pricing formula in 1981,
- Develop an entirely new pricing formula and place it into effect by October 1,
- Set up a separate program that will make it possible to offer small publications at lower prices.
- Abandon the practice of basing prices on what costs would be if publications were printed by GPO, using commercial costs instead,
- Set 18 months as the standard life cycle of a publication and keep the price unchanged during that period.
- Share with publishing agencies the responsibility for taking out-of-print publications back to press, with GPO absorbing the cost during the first 6 months and publishing agencies thereafter,
- Contract out the process of dealing with subscribers (fulfillment) for selected periodicals to determine whether that is more cost-effective than the present system, and
- Produce paper copies of out-of-print publications and of publications not now available in published form by blowing them back from microfiche.

The policy changes, which were recommended to Sawyer by a task force he appointed last September, include changes long urged by the National Association of Government Communicators, by its predecessor organization, the Federal Editors Association, by the Federal Publishers Committee, and by individual publishing agencies.

Michael DiMario, newly-appointed Superintendent of Documents and also task force chairman, presented the recommendations to Sawyer. Other GPO task force members include Garrett E. Brown, GPO General Counsel; Donald E. Fossedal, GPO Director of Marketing, and William F. Klugh, GPO Comptroller.

Thomas J. Kleis, staff director of the Congressional Joint Committee on Printing, was the congressional representative on the task force. As Associate Commissioner, Bureau of Labor Statistics, I represented publishing agencies.

Sawyer told his news conference that the policy changes are possible because the GPO sales program ended the 1982 fiscal year with a $4.9 million surplus and is continuing to accumulate revenues at the same rate in fiscal 1983. Sawyer said that in the previous three years, the sales program lost $20 million despite steady increases in prices.

GPO publication prices generally have risen more than prices elsewhere. The price of the popular 67-page pamphlet, Infant Care, for example, rose from 75 cents in 1972 to $4.75 today.

Until October, the only change in the GPO pricing system will be a 10 percent reduction in prices of publications newly added to the sales program and in publications coming up for periodic repricing. On October 1, when a new printing formula goes into effect, prices of many GPO publications should drop.

Sawyer said that GPO will seek the advice of federal publishers in developing the new pricing formula. He wants the new formula to take differing approaches to various types of publications so that small leaflets in strong demand can be offered at relatively low prices. In contrast, publications for which the audience is small would be relatively more expensive.

The special program for selling small publications at lower prices may make greater use of the GPO's Pueblo, Colorado facility, which now handles distribution for the Consumer Information Center. As an experiment, GPO has agreed immediately to let the center add a dozen new publications at special prices.

GPO considers the microfiche and microfiche blowback program of particular importance, even though microfiche blowback copies will be relatively more expensive than conventionally printed publications. The program will continue to make available publications removed from inventory because of lack of sale of printed copies. Also, the program will make available seven out of eight agency publications printed at GPO, but not selected for the sales program because of limited sales potential. GPO estimates that as many as 24,000 additional publications may be offered for sale through this program.

Henry Lowenstern
Associate Commissioner,
Office of Publications,
Department of Labor

Our warehouses here at the Government Printing Office contain more than 16,000 different Government publications. Now we've put together a catalog of nearly 1,000 of the most popular books in our inventory. Books like *Infant Care, National Park Guide and Map, The Space Shuttle at Work, Federal Benefits for Veterans and Dependents, Merchandising Your Job Talents,* and *The Back-Yard Mechanic.* Books on subjects ranging from agriculture, business, children, and diet to science, space exploration, transportation, and vacations. Find out what the Government's books are all about. For your **free copy** of our new bestseller catalog, write—

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